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SUBJECT: INTERAGENCY LAYS OUT FUTURE EGYPT D&G FUNDING
PLANS

[11.](#) (SBU) SUMMARY: Acting Director of Foreign Assistance (DFA) Rich Greene chaired an interagency roundtable with Ambassador Margaret Scobey on July 20 to discuss democracy and governance (D&G) funding in Egypt. There was general agreement that \$20-25 million per year (about 10 percent of appropriated funds) is a proper proportion of D&G programming from ESF in FY 2009-2011. The participants agreed that it is important to continue to fund unregistered NGOs and Acting DFA Greene concluded that we will need to identify funds outside bilateral ESF to maintain funding levels for unregistered NGOs in FY 2010 and FY 2011. END SUMMARY.

[12.](#) (SBU) Ambassador Scobey started the discussion by stating that our goal should be to demonstrate our values and provide support to civil society and jailed dissidents, while recognizing that the NDP is likely to remain in power for the foreseeable future. She put D&G funding issues into the context of our efforts to resolve points of contention with the GOE in the overall ESF program earlier this year, and said U.S. policy on D&G issues in Egypt should be "supportive, not confrontational."

[12.](#) (SBU) Following Ambassador Scobey's opening remarks, Acting DFA Greene posed two questions: what level of D&G programming should the U.S. plan for the future, and should the U.S. continue the Fiscal Year (FY) 2009 arrangement of funding unregistered U.S. and Egyptian NGOs and civil companies from resources outside bilateral ESF? After some discussion, there was general agreement that \$20-25 million per year (about 10 percent of appropriated funds) is a proper proportion of D&G programming from ESF in FY 2009-2011. Acting DFA Greene said it is likely that the U.S. will maintain a \$25 M D&G level in FY 2011 that includes funding for registered civil society organizations. The participants agreed that it is important to continue to fund unregistered NGOs, and Acting DFA Greene concluded that we will need to identify funds outside bilateral ESF to maintain funding levels for unregistered NGOs in FY 2010 and FY 2011 as this step is crucial to the success of the bilateral relationship. MEPI and DRL, each of which allocated \$1.3 million from FY 2009 funds for unregistered NGOs in Egypt, do not have specific allocations for Egypt in their FY 2010 spending plans, but will seek to maintain the \$2.6 million total. MEPI also noted it had requested \$1.8 million for FY [12011](#).

[13.](#) (SBU) Acting DFA Greene asked why D&G funding was not ramping up ahead of the Egyptian elections in 2010 and 2011. Ambassador Scobey replied that Egyptian NGOs have reached their absorptive capacity, and some will not accept USG funds. DRL took a different view, noting that DRL's receipt of 26 proposals for its \$1.3 million in FY 2009 funds indicates that there are NGOs ready and able to undertake new work in Egypt.

[14.](#) (SBU) Ambassador Scobey responded to questions from the group about how D&G programming in Egypt could support overall assistance and policy objectives. She stated that the broad approach is to ensure that the USG is investing in

assistance that is visible and making an impact on the lives of the Egyptian people and preparing future generations. She indicated a willingness to consider ideas for ways to make the D&G portfolio more effective and responsive to current priorities. She will have further discussions on this topic with the participants at a later time.

¶5. (SBU) Participants in the meeting included NEA DAS Maura Connelly, DRL DAS Kay Mayfield, NSC Director Prem Kumar, NEA/ELA Director Nicole Shampaine, NEA/PI Director Tim Andrews, USAID/DCHA Director Dorothy Taft, USAID/MEA Director Jane Nandy, and H/RGF David Greene.

¶6. (SBU) Ambassador Scobey did not clear this cable.
CLINTON